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THE Wheat SITUATION

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UNITED STATES DEPARTMENT OF AGRICULTURE

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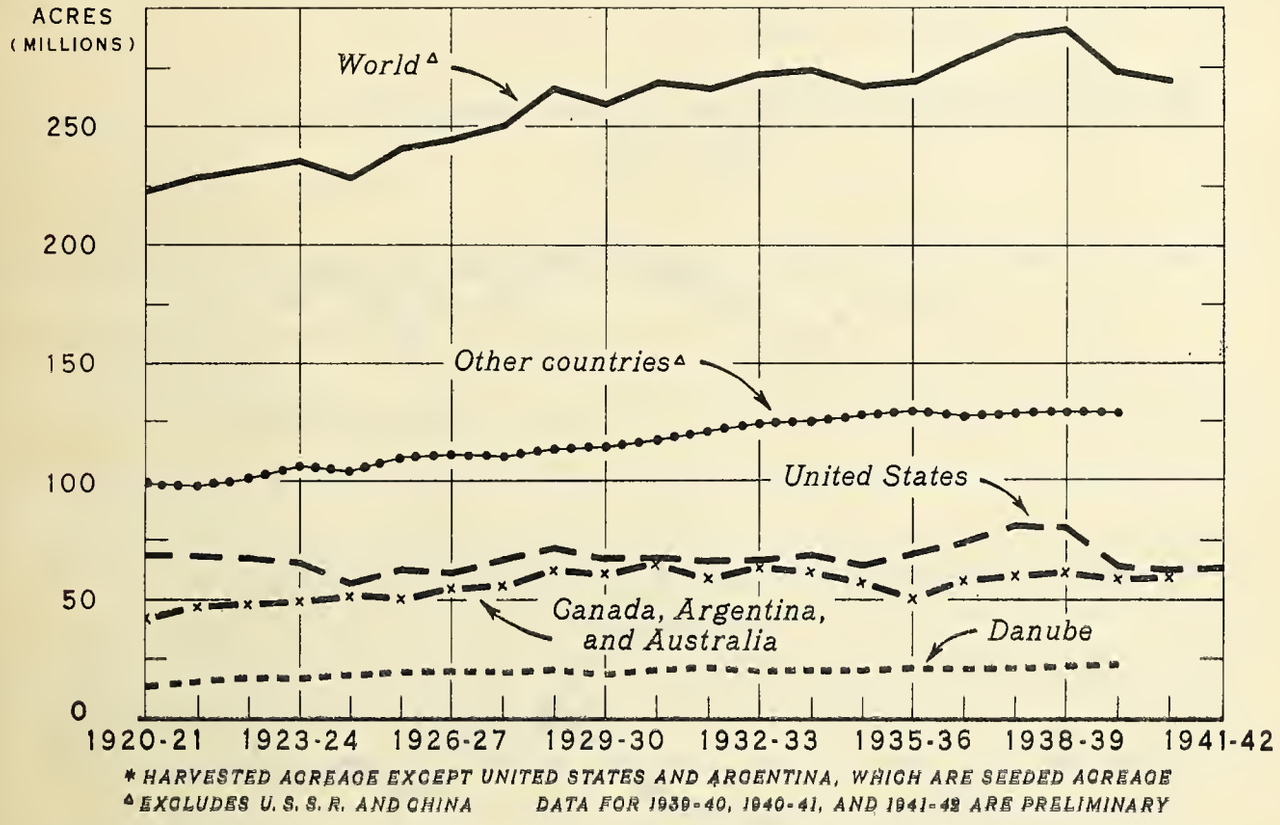
WHEAT ACREAGE, WORLD AND SPECIFIED AREAS, 1920-41*



* HARVESTED ACREAGE EXCEPT UNITED STATES AND ARGENTINA, WHICH ARE SEEDED ACREAGE
△ EXCLUDES U. S. S. R. AND CHINA DATA FOR 1939-40, 1940-41, AND 1941-42 ARE PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE NEG. 39271 BUREAU OF AGRICULTURAL ECONOMICS

THE INCREASE IN THE WORLD WHEAT ACREAGE SINCE THE WORLD WAR OF 1914-18, CULMINATING IN THE LARGEST ACREAGE ON RECORD IN 1938, REFLECTS A MARKED INCREASE IN THE ACREAGE IN THE IMPORTING COUNTRIES OF EUROPE (PRINCIPAL ITEM IN "OTHER COUNTRIES" IN THIS CHART), AND AT THE SAME TIME A CONTINUED UPWARD TREND IN THE ACREAGES IN THE IMPORTANT EXPORTING COUNTRIES OF CANADA, ARGENTINA, AND AUSTRALIA.

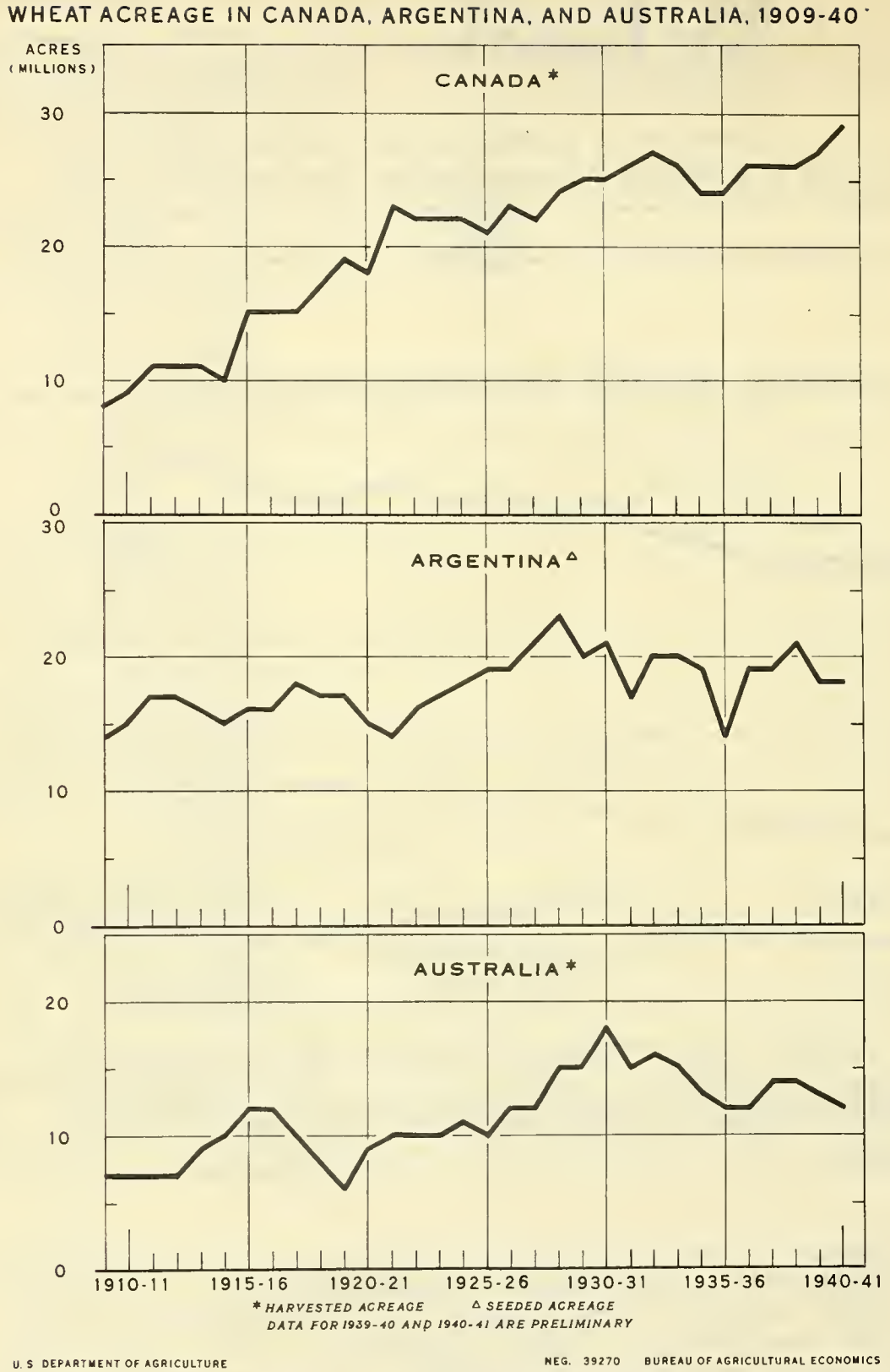


FIGURE 1.- WHEAT ACREAGE IN THE THREE MAJOR EXPORTING COUNTRIES OTHER THAN THE UNITED STATES HAS INCREASED IN THE LAST 30 YEARS. THE INCREASE IN CANADA HAS BEEN VERY LARGE, THAT IN AUSTRALIA MODERATE, WHILE A GAIN IN THE 1920-30 PERIOD IN ARGENTINA HAS BEEN PARTLY OFFSET BY REDUCTIONS IN THE PAST DECADE.

THE WHEAT SITUATION

Summary

The domestic wheat supply for the 1941-42 season now seems likely to be about 1300 million bushels compared with about 1100 million bushels in 1940-41. The condition of the wheat crop for 1941 has been interpreted to indicate a probable out-turn of about 910 million bushels, and available data as to the utilization and supplies of old wheat indicate a carry-in on July 1, 1941 of about 395 million bushels. With domestic disappearance in the 1941-42 marketing year estimated at 650 million bushels there would be about 650 million bushels available for exports, shipments, and carry-over at the end of the season, which is about 225 million bushels above the corresponding quantity for 1940-41.

World wheat stocks on July 1 will be at a new high for that date. Increases in the United States, Canada, and Argentina, as compared with a year earlier, will more than offset reductions in Australia, Europe and North Africa. With a world crop expected to be about the same as last year, total world wheat supplies in 1941-42 will again be of record size. Supplies in Canada and the United States are especially large but steps are being taken to provide adequate storage for current supplies and to check further expansion. Stocks of wheat in Argentina are also very large, and while some reduction in acreage is expected for the next harvest, weather to date points to a crop which will more than tax storage facilities in that country.

The size of these world stocks, together with curtailed import markets would greatly depress United States prices were it not for the loan program, which recently was announced for 1941-42 at an 85 percent of parity level.

Computed on the basis of export values, current prices are now about 40 cents higher than existing export price levels, and this spread will probably widen later in the season. With a different loan policy in the United States, prices in other surplus producing countries would be even lower than they are now.

At the present time market prices in the United States are below the loan values established for the 1941 crop. No. 2 Hard Winter wheat at Kansas City is about 13 cents below the loan rate at that market. Each season since the Government wheat loan programs were inaugurated in 1938 prices have remained below the loan rates until a substantial part of the new crop had been placed under loan. In late July 1939 the price of No. 2 Hard Winter at Kansas City declined to 18 cents below, and in mid-August 1940 it was about 12 cents below the loan rate.

Prices of domestic spring wheat at Buffalo are about 5 cents lower than those of Canadian wheat of a comparable quality, c,i.f., duty paid, at Buffalo. In order to eliminate the possibility of serious Canadian competition in our markets later in the season, the President, acting under the Agricultural Marketing Act, announced that imports of wheat and wheat products would be restricted beginning May 28, 1941.

--June 25, 1941

THE DOMESTIC WHEAT SITUATION

BACKGROUND.- In the 10-year period 1930-39 the carry-over of old wheat in the United States averaged about 230 million bushels, and domestic disappearance about 695 million bushels.

Domestic wheat prices from the spring of 1933 to the spring of 1937 were unusually high in relation to world prices as the result of small crops in the United States. In 1937 United States production was large and prices declined. In 1938, with domestic production again large, with a record world crop, and with lower commodity prices generally, prices again declined, and would have averaged still lower had it not been for the loan and export-subsidy programs which held domestic prices above export parity.

Prices received by growers for wheat during the year beginning July 1939, averaging 69 cents, continued relatively high compared with the usual relationship to prices in other countries, as a result of only a moderately large carry-over, reduced acreage, poor prospects for 1940 yields, and holding of wheat in expectation of higher prices.

Prices advanced sharply in September 1939, following the outbreak of the European war, and again in December, influenced by war developments and by poor crop prospects in Argentina and the United States. In the middle of May 1940, following the turn of events in Europe, selling became heavy and most of the gains were lost. From the middle of May until the middle of August prices declined seasonally, then they advanced until the middle of November. After declining to the middle of February, they again rose, and are now at about the highest levels since May 1940.

United States prospective 1941-42 supplies
200 million bushels above last year

The domestic wheat supply for the 1941-42 season is indicated to be about 1,300 million bushels compared with 1,098 million bushels in 1940-41. The condition of the wheat crop for 1941 is interpreted to indicate a probable out-turn of about 910 million bushels, and available data as to the utilization and supplies of old wheat indicate a carry-in on July 1, 1941 of about 395 million bushels. With domestic disappearance in the 1941-42 marketing year estimated at 650 million bushels there would be about 650 million bushels available for exports, shipments and carry-over at the end of the season, which is about 225 million bushels above the corresponding quantity for 1940-41.

A total wheat crop of 911 million bushels, indicated June 1, would rank among the largest crops ever harvested and would be about 12 percent larger than the 816,698,000 bushels produced in 1940. The 10-year (1930-39) average production is 747,507,000 bushels.

Production of winter wheat in 1941 was indicated by conditions on June 1 at 697,692,000 bushels. This is about 45 million bushels or 7 percent larger than had been indicated a month earlier, and 18 percent larger than the 1940 crop of 589,151,000 bushels. The 10-year average production of winter wheat was 569,417,000 bushels. The present prospective crop is the third largest on record, being exceeded only in 1919 and 1931.

Growing conditions during May were very favorable for wheat in the important winter wheat area of the Great Plains and in the Pacific Northwest, and yield prospects were sharply higher than on May 1. Most of these areas had ample rainfall to fill moisture requirements of a generally heavy growth. Improvement in yields also occurred in Missouri, Illinois, and Indiana, but prospects declined rather generally during May in the area east of the Mississippi and Ohio rivers, and in Michigan and Wisconsin where hot, dry weather hastened maturity, causing short straw growth and some damage to heads.

A probable yield of 17.3 bushels per harvested acre was indicated June 1. This is 1.0 bushels larger than the 1940 harvested yield of 16.3 bushels per acre. The 10-year average yield is 14.4 bushels. Indicated yields were above average in all States except California, Arizona, South Dakota, Iowa, Missouri, Pennsylvania, Maryland, Virginia, and West Virginia. In the southern Plains States prospective yields were 4 to 7 bushels above average.

Since June 1, severe losses in prospective yields have occurred in Texas, Oklahoma, and parts of Kansas as a result of the excessive rains. These losses were due both to deterioration of the crop from rust, insect damage and lodging of the grain, and to the delay in harvesting operations caused by wet fields. Deterioration of the crop extended into the south central and eastern districts of Kansas, but there the damage was not as severe as in Oklahoma and Texas. Timely rains in the winter wheat States of the Eastern Corn Belt where moisture was badly needed brought general improvement in prospects in the first two weeks in June. Similar improvements occurred in Nebraska, Colorado, and western Kansas.

A June mid-month report by the Crop Reporting Board prepared for use in facilitating the orderly movement of the crop showed a production of 476,310,000 bushels of winter wheat for 9 of the most important winter-wheat producing States (Ohio, Indiana, Illinois, Missouri, Nebraska, Kansas, Oklahoma, Texas, and Colorado) or a decline of 12,460,000 bushels since June 1, when the indicated production in these 9 States was 488,770,000 bushels.

Production of spring wheat in 1941, on the basis of prospective seeded acreage as reported in March and the June 1 condition, weather factors and soil moisture, was indicated at about 213,007,000 bushels. This is about 6 percent smaller than the 1940 crop of 227,547,000 bushels but 20 percent above the 10-year average of 178,090,000 bushels.

The June 1 condition of all spring wheat was 87 percent, which is one point below the condition a year ago but 13 points above the 10-year average. The condition of Durum and other Spring wheat reported at 86 and 87 percent of normal, respectively, is slightly below last year but well above average. Spring wheat was seeded under generally favorable conditions in the important producing areas, but somewhat later than usual, particularly in South Dakota. June 1 indicated yields per acre were well above average in all States except Michigan.

Although dry soil conditions appeared to be developing in western Nebraska and parts of South Dakota at the close of the month, conditions since June 1 have been very favorable and prospects in most of the spring wheat area appear the best in any recent year. June growing conditions in the Pacific Northwest have also been favorable.

Domestic wheat prices rise to highest levels for season to date

Domestic wheat prices reached the highest point for the season to date on June 23. The advance in the early part of the month followed the affirmative vote in the marketing quota referendum on May 31 and was also influenced by heavy rains and high winds in the Southern Great Plains States.

On June 23 there was a sharp rise attributable to the possibility of crop destruction and of impairment of harvest operations in the Russian grain fields.

At the present time market prices are below the loan values established for the 1941 crop. No. 2 Hard Winter wheat at Kansas City is about 13 cents below the loan rate at that market. Each season since the Government wheat loan programs were inaugurated in 1938 prices have remained below the loan rates until a substantial part of the new crop has been placed under loan. In late July 1939 the price of No. 2 Hard Winter at Kansas City declined to 18 cents below, and in mid-August 1940 it was about 12 cents below the loan rate.

This year the development of congestion at localized points may offset a part of the influence of the loan program in certain areas. However, every effort is being made by the Department to guard against market congestion that may develop in connection with the movement of the new crop as a result of the largest carry-over of old wheat in history.

The amount that current prices are now above the export price levels is indicated by the export indemnity which would be required to export wheat to Europe. Computed on the basis of export values, this would be about 41 cents from the Gulf and 33 cents from Pacific ports, compared with 34 and 25 cents a month ago. Prices of domestic spring wheat at Buffalo are about 5 cents lower than those of Canadian wheat of a comparable quality, c,i.f., duty paid, at Buffalo, compared with 8 cents a month ago.

Table 1.- Weighted average cash price of wheat, specified markets and dates, 1940-41

Month and date	All classes: and grades: six markets		No. 2 Hard Winter: Kansas City		No. 1 Dk.N.Spring: Minneapolis		No. 2 Hard Amber Durum: Minneapolis		No. 2 Red Winter: St. Louis		Soft White: Portland 1/	
	1940	1941	1940	1941	1940	1941	1940	1941	1940	1941	1940	1941
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month-:												
Feb.	101.0	81.4	99.4	77.8	104.3	85.0	99.7	93.5	105.6	85.8	85.3	73.0
Mar.	101.3	89.0	102.1	85.1	104.0	90.0	96.7	98.1	106.3	89.5	83.3	75.8
Apr.	105.6	90.3	105.7	87.2	108.2	94.8	99.1	94.8	111.2	92.6	84.3	75.7
May	96.8	93.8	94.7	90.4	100.7	98.4	88.6	94.9	104.3	96.7	78.1	79.4
Week ended-:												
May 3	105.4	88.9	105.3	87.0	109.3	94.8	96.8	91.0	110.0	92.6	85.1	75.8
10	104.5	92.1	104.6	90.6	108.5	98.1	97.1	94.0	111.2	96.7	85.2	77.6
17	94.4	94.6	88.6	92.4	99.3	99.3	85.7	95.8	102.4	98.3	77.4	80.6
24	84.0	96.4	83.4	92.6	87.7	99.8	79.9	97.6	90.0	100.6	72.8	81.6
31	82.3	92.5	82.3	88.0	85.8	96.3	76.5	94.6	88.2	94.6	71.9	79.6
June 7	80.7	94.4	80.1	92.7	84.5	97.6	74.1	98.4	88.4	96.0	72.2	85.9
14	79.6	99.0	79.5	97.7	83.8	102.1	74.5	100.7	88.5	101.1	73.3	89.6
21	77.8		76.4	93.9	81.3	100.5	72.0	99.5	---		72.2	88.8
High 2/	107.5	99.0	108.3	97.7	110.3	102.1	100.9	100.7	112.7	101.1	85.3	89.6
Low 2/	77.8	88.9	76.4	86.2	81.3	92.9	72.0	91.0	88.2	92.0	71.9	75.3

1/ Weekly average of daily cash quotations, basis No. 1 sacked.
2/ April 5 to June 21, 1941 and corresponding dates 1940.

RECENT ACTIONS AFFECTING WHEAT

A number of uncertainties in the wheat picture have been dispelled during the past month. On May 26 the President signed the Bill providing for governmental loans at the rate of 85 percent of parity. On May 28, the President, acting under the Agricultural Adjustment Act, restricted imports of wheat and wheat products into the United States to small proportions, thus eliminating the possibility of serious Canadian competition in the domestic market. On May 31 the referendum was held on the question of marketing quotas for the 1941 crop, and far more than the necessary two-thirds voted in favor. Also, on May 22 the Secretary proclaimed the National Acreage Allotment for 1942.

1941 wheat and rye loan rates

The 1941 wheat loan program based on the 85 percent of parity loan law was announced following the national referendum on marketing quotas in which a majority of over 80 percent cast a favorable vote. Under the law the 85 percent of parity loan is mandatory when quotas are approved. The wheat loan rate is based on the July 1 parity price for wheat, and the Department estimates that 85 percent of parity on that date will represent an average national loan rate to farmers of approximately 98 cents per bushel. With the 1941 wheat parity and conservation payments amounting to 18 cents, this means that the program cooperator will receive a total return approximately equal to the parity price.

As in previous years, the loans will be made by the Commodity Credit Corporation, and State and County Agricultural Conservation Committees will be responsible for field administration of the program.

All growers who comply with their acreage allotments are eligible for wheat loans. In addition, farmers who oversoed will be eligible for loans at 60 percent of the regular rate on wheat produced on their excess acreage. The loans which are callable on demand, will be made up to December 31 and will fall due April 30, 1942. Interest will be at 3 percent.

Loan rates to farmers are related to terminal rates, taking into account the location, handling charges, grade, and quality of the wheat.

Loan values are as follows for these terminal markets:

No. 2 HARD WINTER		No. 2 RED WINTER	
At Kansas City	$1.10	At Chicago	$1.15
At Omaha	1.09 1/4	At St. Louis	1.15
At Chicago	1.15		
At Gulf Ports	1.17		
No. 1 DARK NORTHERN SPRING		**No. 1 SOFT WHITE**	
At Minneapolis	1.15	At Portland	1.05

Simultaneous with the wheat loan announcement the Department announced a loan for rye at rates 35 cents per bushel less than the rates

applicable for No. 2 Hard Winter wheat or 50 cents, whichever is lower. No rye loans will be made except for farm storage and no storage allowance, as in the case of wheat, is permitted.

Marketing quota provision of the new Act

Public Law No. 74, under which the 85 percent loan rate was established, makes these major changes in the marketing quota provisions of the Agricultural Adjustment Act: (1) Exempts from quotas all wheat farms on which the acreage planted to the commodity is 15 acres or less; (2) places the marketing quota penalty at 50 percent of the basic loan rate; (3) makes the entire crop on farms that have a marketing excess subject to an automatic Government lien until the excess has been taken care of; and (4) defines the wheat marketing quota for a farm as the actual production of the acreage of the commodity on the farm less the normal or actual production, whichever is smaller, of the acreage planted to the commodity in excess of the farm acreage allotment.

As under previous legislation, the loans that will be offered in accordance with the resolution are dependent upon approval in a referendum on marketing quotas in cases where a quota is proclaimed. With the approval of marketing quotas this year, all farmers may continue to sell or feed all they produce in 1941 on their acreage allotment, plus any old wheat carried over from previous crops. Only the normal or actual production, whichever is less, of the acreage in excess of the farm allotment is subject to penalty.

The farmer who has such a marketing excess may dispose of it in one of three ways: (1) He may market it and pay the penalty, which is 50 percent of the basic loan rate, (2) he may deliver it to the Secretary of Agriculture through his local AAA committee, and (3) he may store it under bond.

If the wheat is sealed in storage approved for Government loans he will be eligible for a loan on it at 60 percent of the regular loan rate. Wheat delivered to the Secretary will become the property of the Government and will be used for relief and other purposes that will divert it from the normal channels of trade.

The penalty which is levied on the excess wheat has been fixed at a flat rate of 49 cents per bushel. While it is uncertain just how much of this kind of wheat there will be, it is likely not to exceed 10 percent of wheat produced for market. If the loan program and marketing quota system should raise the price in 1941 above world price levels by 45 cents a bushel, the enhancement in returns on the marketable 90 percent -- on perhaps 675 million bushels (crop less wheat used for feed and seed on farms where grown times 90) -- would be about 300 million dollars.

United States wheat import quotas

As a precautionary measure deemed necessary because wheat prices in the United States are almost high enough relative to prices of foreign wheat

so as to offset the 42-cent per bushel import duty, the President on May 28 proclaimed the establishment of import quotas on wheat and flour. The United States Tariff Commission was authorized by the President on December 14, 1939, to institute an investigation to determine whether imports of wheat and wheat products were being made, or practically certain to be made, under conditions and in sufficient volume to have an adverse effect upon the wheat program set up under the Soil Conservation and Domestic Allotment Act. During the period under investigation the spread between wheat prices in the United States and those in other countries remained less than the customs duty of 42 cents per bushel on imports of wheat for consumption. Recent advances, however, made it appear likely that prices would reach the point at which wheat could be profitably imported, and the Commission recommended that such imports be restricted by quotas.

Annual quotas are therefore established (effective May 29 of each year), which will limit the importation of wheat for consumption and of such wheat products as flour, semimola, crushed or cracked wheat, and the like. For the year beginning May 28, 1941 the quotas, allocated on the bases of imports in the 12-years, 1929-40, are as follows: From Canada 795,000 bushels of wheat and 3,815,000 pounds of wheat products; and from thirteen other countries combined 5,000 bushels of wheat and 185,000 pounds of wheat products. No new import restrictions were imposed on feed wheat and wheat feed products.

The United States normally produces a surplus for export, and in only 4 years in its history has it had net imports, 3 of which were 1934, 1935 and 1936, when drought so reduced our domestic production that prices rose relative to prices of foreign wheat to more than enough to offset the tariff. Net imports in 1935 reached 30 million bushels. Domestic supplies this year, however, are of record size -- considerably more than enough to take care of domestic and export needs -- and the imposed import quotas will enable United States farmers to maintain prices without the fear of large imports.

National wheat acreage allotment for 1942

A 1942 national wheat acreage allotment of 55 million acres was announced May 22. This is 7 million acres smaller than the 1941 allotment of 62 million acres. Each year the allotment is adjusted so that with the prospective carry-over it will provide wheat enough for normal domestic consumption, normal exports, and at least a 30 percent reserve. Since the 55 million acre allotment minimum is above the level necessary to provide this objective, above-normal reserves will continue a definite part of the United States wheat situation until the world situation again provides a considerably larger export market than at present or unless yields per acre should be materially below average.

Carry-over in Pacific Northwest estimated at about 25 million bushels

A carry-over of old wheat on July 1, 1941 of about 25 million bushels is indicated for the Pacific Northwest. The 1940 crop year supply, including

Table 2.- Supply and distribution of wheat and flour in terms of wheat in the Pacific Northwest 1/

Crop year	Supply					Distribution				
	Harvested acreage 2/	Production 2/	Carry-over July 1	Montana arrivals 3/	Total supply	Water shipments to California	Water shipments to Gulf and Atlantic	Other domestic use 4/	Exports	Carry-out June 30
	1,000 acres	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1927-28	3,745	92,416	5,278	5,000	102,694	7,337	2,652	21,391	63,569	7,745
1928-29	3,766	83,389	7,745	5,000	96,134	5,599	3,818	26,151	45,825	14,741
1929-30	3,973	77,379	14,741	5,000	97,120	7,063	2,429	21,366	41,436	24,826
1930-31	3,853	73,090	24,826	5,000	102,916	10,546	3,086	29,833	33,776	25,675
1931-32	3,646	66,521	25,675	5,000	97,196	14,633	3,172	29,650	35,370	14,371
1932-33	3,755	74,120	14,371	5,000	93,491	15,209	6,325	30,526	8,161	33,270
1933-34	3,438	67,774	33,270	5,000	106,044	10,670	15,005	30,310	23,179	26,880
1934-35	3,123	57,736	26,880	5,000	89,616	12,256	20,480	33,018	6,755	17,107
1935-36	3,267	69,246	17,107	5,000	91,353	8,708	16,947	48,562	1,943	15,193
1936-37	3,609	76,078	15,193	2,374	93,645	8,794	16,138	53,022	5,452	10,239
1937-38	3,771	82,592	10,239	2,700	95,531	4,437	8,461	44,090	22,325	16,218
1938-39	3,737	91,019	16,218	4,438	111,675	7,548	5,683	36,005	43,125	19,314
1939-40	3,005	68,454	19,314	5,000	92,768	5,306	9,034	38,793	21,860	17,775
1940-41	5/ 3,211	5/ 68,086	5/ 17,775	5,900	91,761	3/(9,800)	3/ 3,000	3/(29,961)	3/(24,000)	3/25,000

1/ Figures are from trade sources except acreage, and production figures which are Department of Agriculture estimates.
2/ Totals Washington and Oregon and 40 percent of Idaho.
3/ Approximation.
4/ Remainder; includes food, feed and seed in Pacific Northwest (approximately 26 million bushels per annum) and shipments to Hawaii and Alaska and all rail east.
5/ Preliminary estimate.

July 1, 1940 carry-in of 18 million bushels, a crop of 68 million bushels (Washington, Oregon and 40 percent of Idaho), plus Montana arrivals of about 6 million bushels totals about 92 million bushels. Water shipments are estimated at about 13 million bushels, quantities for food, feed and seed in the Pacific Northwest, shipments to Hawaii and Alaska, and all rail east 30 million bushels, and exports 24 million bushels.

THE WORLD WHEAT SITUATION

BACKGROUND.- Total world supplies of wheat 1/ increased sharply from 1924 to 1933, largely as a result of increased acreage. From 1934 to 1936, world supplies declined, following successive years of small yields and increased world demand. Supplies increased slightly in 1937. With above-average yields on the large acreage, supplies in 1938, 1939, and 1940 were the largest on record.

World wheat prices declined in the period 1924-33 with the increase in world supplies. The sharp decline in prices after 1929 was caused largely by the general decline in industrial activity and commodity prices. From the spring of 1933 to the summer of 1937, world wheat prices moved upward, reflecting world-wide recovery in commodity price levels, currency depreciation, and reduced production. The world price for the 1937 crop remained practically unchanged from that of a year earlier. In 1938, world prices again declined sharply as a result of record world production and weakness in demand. Prices in 1939-40 remained low but averaged higher than a year earlier, influenced by general expectations of increased demand for wheat as a result of the war, and by poor crop prospects in Argentina and the United States. In 1940-41 large supplies in surplus countries and reduced trade held world wheat prices to low levels.

World crop may be about the same as in 1940

On the basis of present prospects a world wheat production of about the same size as in 1940 is indicated. 1/ The crop last year totaled about 4,042 million bushels, which was moderately above the 10-year (1931-40) average of 3,919 million bushels. It appears that production in the Northern Hemisphere may not be very different from the 3,608 million bushels produced last year, increases in Europe and the United States about offsetting decreases in Canada and the Orient. Production in the Southern Hemisphere may possibly total 25 to 50 million bushels more than the harvest last year. (In figuring production for the Southern Hemisphere, where the crop is now only entering the winter, moisture and temperature to date were taken into consideration, and average condition for the remainder of the season assumed.)

While production by countries at this time of the year is uncertain and unusual developments would be expected to modify the early indications,

1/ All references to world stocks acreage and production in this report exclude the U. S. S. R. and China.

errors in the early estimates by countries in the past have been largely compensating, and the total estimate has been fairly indicative of production as a whole. As was the case last year, information is again very limited because of the unsettled world political situation, and this makes for greater uncertainty that usual in the estimates by countries.

On the basis of present indications and acreage conditions for the rest of the season wheat production in Canada is estimated at about 400 million bushels. According to the Dominion Bureau of Statistics, the condition figures expressed in percentages of the long-time average yield per acre for spring wheat was 98 percent compared with 92 percent May 31, 1940, and winter wheat 91 percent compared with 98 percent a year earlier. According to the April 30 acreage intentions reported by farm crop correspondents the 1941 wheat area for the Prairie Provinces was 20,882,000 acres compared with 27,750,000 acres in 1940 (table 8). The total acreage in all Canada was indicated to be 21,655,500 acres compared with 28,726,200 acres in 1940.

Precipitation in the Prairie Provinces August-October 1940 plus April 1-June 9, 1941 is shown in table 8. For the week ended June 14, precipitation was again general. Timely rains in the north central district of Alberta relieved serious moisture shortage, which had existed in that area, and improved crop prospects. The area in Saskatchewan from Swift Current eastward to Moose Jaw, however, received only light ineffectual showers, and here crops on stubble lands continue urgently in need of rain.

For the first time, condition figures for wheat in the Prairie Provinces are based on actual weather developments to date 2/ (table 9). It is pointed out that condition figures based on pre-seasonal and seasonal rainfall and seasonal temperatures more closely approximate the final yields of the crop than the previous condition figures published, and they can be adjusted in the event of abnormal grasshopper activity or rust damage. New long-time average yields are also employed this year (table 10). Based on the period 1908-40, they replace the 1908-30 yields used during the past decade.

The 1941 crop in Mexico, estimated at 13,828,000 bushels, is about 4 percent above the 1940 crop. The increased production is the result of higher yields since the acreage at 1,347,000 acres is 7 percent less than a year ago.

Present crop prospects in Europe indicate a production larger than the very small crop of about 1,350 million bushels produced last year but still below the 10-year (1931-40) average of 1,573 million bushels. Over most of Europe the crop has been quite late this spring with continued cool weather during most of April and May. Moisture supplies are reported mostly ample or excessive, except in Scandinavia. In Rumania, where the season

2/ Method used for many years by the United States Department of Agriculture on which to base yield estimates in important countries outside of the United States, including Canada, before official estimates were available.

continues backward, the surplus is expected to be small. Conditions are reported similar in the other Balkan countries. The condition of winter wheat in Sweden at the beginning of June was placed at 65 percent, though rains later in the month are believed to have brought some improvement. The harvest in North Africa is expected to be above last year's small outturn and provide some surplus for export.

The 1941 wheat crop of the Orient seems likely to be somewhat reduced from that of 1940. Available information indicates no increase this year in China, and adverse conditions are reported for Japan and Manchuria. The Japanese 1941 wheat crop is officially forecast at 58,096,000 bushels compared with 66,134,000 bushels in 1940. It is generally believed, however, that the actual harvest will be smaller than this official figure. The second estimate for India is placed at 372,176,000 bushels, compared with the revised second estimate last year of 397,264,000 bushels, and the final estimate last year, still to be revised, of 403 million bushels. All India is below recent expectations and it is likely there will be little surplus for export.

In Argentina seeding is well advanced. Soil conditions are excellent and germination of early sown grain is satisfactory. Indications point to less than a 10 percent reduction in acreage. After a prolonged dry spell in Australia, rains have now been received, but frequent additional rains are needed to offset the lack of reserve moisture. Even though growers now speed up their seeding operations it is likely that there will still be some reduction in acreage. Germination of early sown wheat is unsatisfactory because of the dryness.

World wheat supplies expected to again be record

On July 1 world wheat stocks will be at a new high for that month. Increases in the United States, Canada and Argentina will more than offset reductions in Australia, Europe and North Africa. With a world crop expected to be about the same as last year, total world wheat supplies in 1941-42 will again be of record size. Supplies in Canada and the United States are especially large but steps are being taken to provide adequate storage for current supplies and to check further expansion. Stocks of wheat in Argentina are also very large, and while some reduction in acreage is expected for the next harvest, weather to date points to a crop which will more than tax storage facilities in that country.

Estimated wheat supplies for export or carry-over in the United States, Canada, Argentina, and Australia on June 1, 1941 are shown in table 3. This shows that supplies in the United States and Canada are now at record heights. While there may be congestion at localized points in the United States this year, every effort is being made by the Department to guard against congestion that may develop in connection with the movement of the new crop. The carry-over of old wheat in the United States on July 1, 1941 will be equivalent to about 60 percent of a year's domestic needs. On the basis of the new crop prospects stocks on July 1, 1942 would be increased another 200 million bushels to a quantity almost equal to a whole year's domestic needs.

Table 3.- Estimated wheat surplus for export or carry-over in four important exporting countries, June 1, 1938-41 1/

Position	1938	1939	1940	1941
	Million bushels	Million bushels	Million bushels	Million bushels
United States	162	258	284	396
Canada	39	126	315	529
Australia	58	56	2/ 128	2/ 70
Argentina	68	247	78	142
Total	327	687	805	1,137

1/ Carry-over at the beginning of the year (United States, July 1; Canada, August 1; Argentina, January 1; Australia, December 1 of the previous year) plus production minus domestic utilization for the year, minus monthly exports to date, last month for United States, Australia, and Argentina estimated.
2/ Based on official exports through February 1940, and unofficial estimates for succeeding months.

The Canadian supply is especially large and made necessary a marketing quota system in that country for the 1940 crop and restricted the marketing of the 1941 crop to 230 million bushels. If the Canadian crop turns out to be about 400 million bushels this would mean very large farm holdings. Canadian stocks in Canada and in the United States July 1, 1941 at about 540 million bushels, would be the largest quantity ever carried over by a single nation, and about equal to 85 percent of the 1923-27 average carry-over for the whole world excluding Asia and Soviet Russia. If Canada did not produce a bushel of wheat in 1941 and 1942 this quantity would be almost sufficient to take care of the country's domestic needs for the 2 years and in addition provide exports equal to the average in the 5-year 1935-39 period. On the basis of the present crop prospects and probable exports in 1941-42, the carry-over on July 1, 1942 would be about 75 million bushels larger than this July.

Prices in Winnipeg and Buenos Aires continue steady

Prices in both Winnipeg and Buenos Aires, where minimum prices are in effect, have continued to fluctuate very little, and average only slightly different from those a month ago. Prices of near futures in these two markets, together with prices in Chicago, Kansas City, and Minneapolis are shown in table 3.

Table 4.- Average closing price of July wheat futures, specified markets and dates, 1940-41

Period	Winnipeg 1/		Buenos Aires		Chicago		Kansas City		Minneapolis	
	1940	1941	1940	1941	1940	1941	1940	1941	1940	1941
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Month										
Mar.	82.0	72.1	---	---	101.6	83.7	96.7	76.5	99.7	85.3
Apr.	83.1	70.8	---	---	106.9	89.5	102.1	81.9	103.4	89.9
May	73.9	70.5	---	---	93.4	96.1	89.0	88.1	91.9	94.2
Week ended										
May 3	82.5	70.5	2/79.6	3/55.8	105.7	90.3	101.0	82.6	103.3	89.9
10	82.4	70.5	2/76.4	3/55.8	105.8	95.4	101.1	87.6	103.7	93.8
17	69.0	70.5	67.1	3/55.8	90.1	97.2	85.7	89.6	88.8	95.1
24	66.5	70.5	67.5	3/55.6	83.4	98.8	79.3	90.7	82.6	96.1
31	68.0	70.5	69.3	54.9	82.9	95.6	78.5	86.6	81.6	93.3
June 7	67.9	70.5	70.6	54.8	80.6	98.3	76.2	90.2	79.8	96.0
14	66.7	70.5	69.1	3/54.8	80.7	101.6	76.4	93.3	79.4	98.4
21	65.0	70.5	69.5	3/54.6	78.3	100.3	73.3	91.6	76.1	96.9
High 4/	83.8	71.4	5/79.6	5/55.8	109.3	101.6	104.8	93.3	105.5	98.4
Low 4/	65.0	70.5	5/67.1	5/54.6	78.3	88.0	73.3	80.2	76.1	87.9

1/ Conversions at official rate, which is 90.909 cents. Any United States buyer of Canadian grain would be required to make settlement in terms of United States dollars through an agent of the Canadian Foreign Exchange Control Board at the official rate.
2/ June futures.
3/ August futures.
4/ Apr. 5 to June 21, 1941, and corresponding dates, 1940.
5/ June, July, and August futures for 1940. July and August futures for 1941.

Table 5.- Wheat acreage, world and specified areas, 1909-40

(Data used in charts contained in this issue)

Year	United States (seeded) 1/	Canada	Argentina (seeded)	Australia	Danube 1/	Other 1/	World 2/
	Million acres	Million acres	Million acres	Million acres	Million acres	Million acres	Million acres
1909-10		8	14	7			
1910-11		9	15	7			
1911-12		11	17	7			
1912-13		11	17	7			
1913-14		11	16	9			
1914-15		10	15	10			
1915-16		15	16	12			
1916-17		15	16	12			
1917-18		15	18	10			
1918-19		17	17	8			
1919-20	77	19	17	6			
1920-21	68	18	15	9	13	99	222
1921-22	68	23	14	10	15	98	228
1922-23	67	22	16	10	16	101	232
1923-24	65	22	17	10	16	106	236
1924-25	56	22	18	11	18	104	229
1925-26	62	21	19	10	19	110	241
1926-27	61	23	19	12	19	111	245
1927-28	66	22	21	12	19	110	250
1928-29	71	24	23	15	20	113	266
1929-30	67	25	20	15	18	114	259
1930-31	67	25	21	18	20	117	268
1931-32	66	26	17	15	21	121	266
1932-33	66	27	20	16	19	124	272
1933-34	68	26	20	15	20	125	274
1934-35	64	24	19	13	20	127	267
1935-36	69	24	14	12	21	129	269
1936-37	74	26	19	12	21	127	279
1937-38	81	26	21	14	21	128	289
1938-39	80	26	21	14	22	129	292
1939-40 3/	64	27	18	13	23	129	274
1940-41 3/	62	29	18	12			270

1/ Not available prior to 1919 or 1920.
2/ Excluding U.S.S.R. and China.
3/ Preliminary.

Table 6.- Wheat production, world and specified areas, 1909-40

Year	United States	Canada	Argentina	Australia	Danube	Other 1/	World 1/
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1909-10	684	167	131	90			2,860
1910-11	625	132	146	95			2,815
1911-12	618	231	166	72			3,087
1912-13	730	224	187	92			3,140
1913-14	751	232	105	103			3,129
1914-15	897	161	169	25			2,884
1915-16	1,009	394	169	179			3,520
1916-17	635	263	84	152			2,717
1917-18	620	234	235	115			2,693
1918-19	904	189	180	76			2,935
1919-20	952	193	217	46			2,809
1920-21	843	263	156	146	172	1,392	2,972
1921-22	819	301	191	129	212	1,533	3,185
1922-23	847	400	196	109	224	1,442	3,218
1923-24	759	474	248	125	260	1,669	3,535
1924-25	842	262	191	165	204	1,479	3,143
1925-26	669	395	191	115	296	1,730	3,396
1926-27	832	407	230	161	294	1,580	3,504
1927-28	875	480	282	118	272	1,656	3,683
1928-29	914	567	349	160	367	1,658	4,005
1929-30	823	304	163	127	303	1,862	3,582
1930-31	886	421	232	214	353	1,788	3,894
1931-32	942	321	220	191	370	1,833	3,877
1932-33	757	443	241	214	222	1,999	3,876
1933-34	552	282	286	177	367	2,184	3,848
1934-35	526	276	241	133	249	2,136	3,561
1935-36	626	282	142	144	302	2,106	3,602
1936-37	627	219	250	151	384	1,954	3,585
1937-38	876	180	208	187	361	2,067	3,879
1938-39	932	360	379	155	466	2,334	4,638
1939-40 2/	751	521	119	210	454	2,231	4,286
1940-41 2/	817	551	271	84	292	2,027	4,042

1/ Excluding U.S.S.R. and China.
2/ Preliminary.

Table 7.- Movement of wheat, including flour, from principal exporting countries, 1937-38 to 1940-41

Country	Exports as given by official sources: Total 1937-38	Total 1938-39	Total 1939-40	July 1 to date shown 1938-39	July 1 to date shown 1939-40	July 1 to date shown 1940-41	Date
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States 1/	107,194	115,784	54,274	94,498	50,200	33,386	Apr. 30
Canada	94,546	159,885	210,212	143,443	194,350	178,560	May 31
Argentina	69,670	116,116	177,246	74,426	142,447	80,372	Apr. 30
Australia	123,453	96,421	---	58,726	41,107	---	Feb. 28
Soviet Union	43,354	2/38,000	---	---	---	---	---
Hungary	9,368	27,650	---	18,442	30,219	---	Feb. 28
Yugoslavia	5,012	5,346	9,666	4,079	6,660	---	Dec. 31
Rumania	32,220	40,298	33,824	31,247	27,037	---	Mar. 31
Bulgaria	8,489	2,633	---	179	4,749	---	Jan. 31
British India	19,677	10,097	---	---	---	---	---
Total	512,983	612,230					

	Shipments as given by trade sources 3/: Total 1938-39	Total 1939-40	Week ended - 1941: May 31	July 7	July 14	July 1 1939-40	June 14 1940-41
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America	245,296	209,872	5,785	4,989	5,231	205,056	209,873
Argentina	114,272	173,776	2,902	2,266	1,180	164,600	94,092
Australia	102,116	---				4/	
Soviet Union	39,824						
Danube and Bulgaria 5/	52,848	39,616					
British India	6/10,097	6/					
Total above	564,453					7/369,656	7/303,965
Total European shipments	450,784						
Total ex-European shipments	146,760						

1/ Includes flour milled in bond from foreign wheat.
2/ From official sources, through December, supplemented by unofficial estimates.
3/ From Broomhall's Corn Trade News and Chicago Daily Trade Bulletin.
4/ Through September 2 only; not available by weeks subsequently.
5/ Black Sea shipments only.
6/ Official 1938-39, not available subsequently.
7/ North America and Argentina only.

Table 8.- Area and precipitation, Prairie Provinces, 1940 and 1941

Province	Area 1/		Precipitation fall and spring 2/	
	1940	1941	1940 crop	1941 crop
	Thousand acres	Thousand acres	Percent of normal	Percent of normal
Manitoba	3,512	2,599	89	128
Saskatchewan	15,571	11,523	68	86
Alberta	8,667	6,760	89	80
Prairie Provinces	27,750	20,882	77	89

1/ Dominion Bureau of Statistics; 1941 are April 30 intentions.
2/ Dominion and Searle Rain Gauge Stations. Period is Aug., Sept., and Oct., and April 1-June 9.

Table 9.- Condition of wheat on May 31, 1937-41, of all Canada and the Prairie Provinces

Item	1937	1938	1939	1940	1941
	Percent	Percent	Percent	Percent	Percent
Manitoba	108	114	104	106	128
Saskatchewan	75	88	87	84	92
Alberta	94	118	104	101	98
All spring wheat	85	101	94	92	98
Winter wheat	98	96	98	98	91
All wheat	85	101	94	92	98

Dominion Bureau of Statistics; figures based on weather conditions.

Table 10.- Long-time (1908-40) average yields per acre of all Canada and the Prairie Provinces

Crop	All Canada	Prairie Provinces		
		Manitoba	Saskatchewan	Alberta
Spring wheat	16	16	15	18
Winter wheat	24	---	---	---
All wheat	16	16	15	18

Dominion Bureau of Statistics.

THE RYE SITUATION

Prospective rye crop 10 percent above 1940

The prospective production of rye on the basis of June 1 condition was estimated at 44,828,000 bushels. This is 10 percent larger than the 1940 crop of 40,601,000 bushels and 17 percent above the 10-year (1930-39) average production of 38,472,000 bushels.

The indicated yield per acre is above the 10-year average yield in all rye producing States except Virginia, West Virginia, Maryland, Delaware, New Jersey, Pennsylvania, and New York where drought reduced yield prospects this year. Yields in North Dakota, Texas, California, and Washington are expected to be far above average.

Shortage of soil moisture caused prospects to decline during May in a number of States east of the Mississippi River and in Missouri, Minnesota, South Dakota, and Montana. A late freeze also caused some injury in Ohio.

Favorable growing conditions enabled the crop to improve during the month in Illinois, Iowa, South Dakota, Oklahoma, Texas, and the Pacific Northwest. In other States rye about held its own in May.

Since June 1 moisture in the important producing States of North Dakota, South Dakota, Minnesota and Nebraska has been generally considerably above average.

Old crop carry-over slightly above year ago

The United States stocks of rye at the beginning of the 1941-42 marketing year are estimated at 22 million bushels. A year ago the carry-over was 21 million bushels. With a crop indicated at about 45 million bushels the total supply of rye for the 1940-41 season will amount to 67 million bushels (table 11), compared with 61 million bushels a year earlier, and 59 million bushels, the 1936-40 average. The apparent disappearance of rye in 1940-41 was 39 million bushels, which was 2 million bushels less than a year earlier and 4 million bushels less than the 1936-40 average. During 1936-40, of the average total disappearance of 43 million bushels, it is estimated that 9 million bushels were used for food, 9 million bushels for distilled spirits, 10 million bushels for seed, and 15 million bushels for feed.

Table 11.- Rye: Supply and distribution, United States, 1935-40

Year beginning July	Supply: Stocks: Commercial July 1	Supply: Stocks: Farm June 1	Supply: Total	Supply: Production	Supply: Imports	Supply: Total supply	Distribution: Exports	Distribution: Stocks	Distribution: Apparent disappearance
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
1935	8,560	2,723	11,283	58,597	2,266	72,146	9	22,299	49,838
1936	6,379	15,920	22,299	25,319	3,943	51,561	248	5,886	45,427
1937	1,406	4,480	5,886	49,830	1/	55,716	6,578	9,699	39,439
1938	1,000	8,699	9,699	55,564	1/	65,263	784	23,196	41,283
1939	7,384	15,812	23,196	39,049	1/	62,245	732	20,714	40,799
1940	9,506	11,208	20,714	40,601	1/	61,315	---	22,251	39,064
1941	2/5,717	16,534	22,251	3/44,828		67,079			

1/ Less than 500 bu. 2/ June 21. 3/ Indicated June 1.

Table 12.- Average price per bushel of rye received by farmers, United States, 1935-40 1/

Year beginning July	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	Crop year average
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
1935	36.0	35.5	36.5	42.1	40.4	40.0	41.4	44.4	42.9	40.8	40.6	43.8	39.5
1936	61.1	75.1	79.5	80.4	81.5	90.0	97.9	98.9	95.8	99.9	96.0	85.3	80.9
1937	81.0	70.6	68.1	63.8	60.8	59.2	64.1	63.4	58.7	52.2	49.8	46.0	68.6
1938	41.1	32.4	32.0	32.9	32.1	32.3	34.7	33.9	32.9	33.0	36.4	39.1	33.8
1939 2/	34.3	34.2	44.0	45.1	44.6	52.3	56.7	55.7	55.6	57.1	52.4	40.3	44.0
1940 2/	38.4	36.8	38.3	40.5	42.8	41.3	43.6	41.2	43.1	46.5	48.1		3/40.6

Compiled from reports of the Agricultural Marketing Service based on returns from special price reporters. Monthly prices, by States, weighted by production to obtain a price for the United States; average for the year obtained by weighting State price averages for the crop marketing season.
1/ Prices for 1908-34 in The Wheat Situation, Feb. 1940, page 28.
2/ Prices include unredeemed rye at average loan values.
3/ Preliminary.

Table 13.- Rye, No. 2: Weighted average price per bushel of reported cash sales, Minneapolis, by months, 1935-40 1/

Year beginning July	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Wtd. av.
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
1935	48.1	45.0	46.5	51.9	48.6	49.0	53.5	56.9	52.1	49.7	51.7	58.2	50.2
1936	75.0	82.5	86.7	85.1	91.6	109.9	113.2	110.6	109.0	112.4	108.9	99.5	97.2
1937	85.2	77.3	77.9	74.0	68.5	69.8	75.9	74.4	66.9	61.0	58.0	55.5	73.8
1938	48.4	40.8	40.5	41.5	40.2	42.9	46.1	45.2	43.1	43.1	50.9	50.0	43.9
1939	43.1	41.7	52.7	52.1	51.0	66.9	70.3	66.5	66.5	69.5	58.8	44.9	55.9
1940	43.9	41.2	43.6	47.8	50.2	50.0	52.6	50.2	52.4	56.5	58.1		

Compiled from Minneapolis Daily Market Record. Average of daily prices weighted by carlot sales.
1/ Prices for 1915-34 in The Wheat Situation, June 1937, page 18.

WHERE TO FIND STATISTICS ON THE WHEAT SITUATION NOT INCLUDED IN THIS ISSUE: 1/

	Page	Issue
THE DOMESTIC WHEAT SITUATION		
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Supplies for export and carry-over, 1923-39	6	Aug. 1940 WS-46
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Acreage seeded by regions, 1919-40	15	Sept. 1940 WS-47
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Exports of wheat including flour to specified countries, 1910-39	27	Aug. 1940 WS-46
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Sales and income, and prices		
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THE WORLD WHEAT SITUATION		
Supply and distribution		
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Acreage, yield, and production, 1923-40	20	Mar. 1941 WS-53
Acreage of wheat in specified countries, 1939-41	10	May 1941 WS-55
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International trade in wheat including flour, averages 1925-34, annual 1937-39	16	Feb. 1941 WS-52
World shipments and to Europe and non-Europe, averages 1910-14, 1930-34, and annual 1914-16, 1937-38	7	Sept. 1939 WS-35

1/ Selected tables used most frequently.